

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF THE)	CASE NO. 92-346-C
UNION LIGHT, HEAT AND POWER)	92-346-D
COMPANY)	

O R D E R

On August 31, 1993, in Case No. 92-346, the Commission approved certain adjusted rates for The Union Light, Heat and Power Company ("ULH&P") and provided for their further adjustment on a quarterly basis in accordance with its approved gas cost adjustment ("GCA") clause.

On May 2, 1994, ULH&P filed its GCA Case No. 92-346-C to be effective from June 1, 1994 to August 30, 1994. On May 13, 1994 the Commission requested additional information, and ULH&P responded on May 20, 1994. On May 26, 1994, the Commission suspended ULH&P's proposed rates for 5 months from June 1, 1994. On July 2, the Commission issued a second information request. ULH&P filed its response on July 22, 1994, providing supplemental information concerning its expected gas cost. On August 1, 1994, ULH&P filed its GCA Case No. 92-346-D to be effective from August 30, 1994 to December 1, 1994.

After reviewing the records in these cases and being otherwise sufficiently advised, the Commission finds that:

1. ULH&P's notice of August 1, 1994 proposed revised rates designed to pass on to its customers its wholesale decrease in gas

costs. ULH&P's proposed expected gas cost ("EGC") of \$3.451 per Mcf includes a take-or-pay recovery component of 0 cents per Mcf. This EGC supersedes the EGC of \$3.502 which had been proposed in ULH&P's notice of May 2, 1994.

2. ULH&P's notice of August 1, 1994 set out a current quarter refund adjustment of 3.9 cents per Mcf to return net refunds of \$437,886, including interest to its customers. The total refund adjustment of 21.9 cents per Mcf is composed of the current adjustment and previous quarter adjustments. The previous quarter adjustment of 6.3 cents per Mcf was proposed in Case No. 92-346-C, and was designed to return \$730,947 of refunds, including interest, to its sales customers. ULH&P also allocated \$46,389 in refunds to its transportation customers. This is reasonable and should be approved.

3. ULH&P's notice of August 1, 1994 set out a current quarter actual adjustment of (26.3) cents per Mcf to return over-recovered gas cost from March, April, and May 1994. The proposed total actual adjustment of 5.2 cents per Mcf reflects the current over-collection, as well as under- and over-collections from three previous quarters, including that filed on May 2, 1994.

4. ULH&P's notice of August 1, 1994 set out a current quarter balancing adjustment in the amount of 3.4 cents per Mcf to reconcile variances from previous actual, refund, and balance adjustments. The total balance adjustment of (4.9) cents per Mcf reflects the current as well as the three previous balance adjustments, including that filed on May 2, 1994.

5. ULH&P proposed a Firm Standby Rate of \$2.510 per Mcf and an Interruptible Standby Rate of \$0.853 per Mcf.

6. The combined effect of the above adjustments is ULH&P's gas cost recovery rate ("GCR") for the quarter beginning August 30, 1994 in the amount of \$3.235 per Mcf, which is a decrease of 47.5 cents per Mcf from the previously authorized rate. This GCR incorporates all adjustments proposed in Case No. 92-346-C except for the EGC which was specific to the quarter beginning June 1, 1994. Any under- or over-recoveries in gas cost or discrepancies in approved refunds resulting from the suspension of the proposed rates for the quarter beginning June 1, 1994 shall be reconciled through future balance adjustments.

7. ULH&P's adjustment in rates as proposed in Case No. 92-346-D and contained in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved effective with bills rendered on and after August 30, 1994.

IT IS THEREFORE ORDERED that:

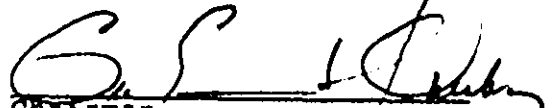
1. The rates proposed in Case No. 92-346-C are hereby denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are authorized to be effective with bills rendered on and after August 30, 1994.

3. Within 30 days of the date of this Order, ULH&P shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 30th day of August, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NOS. 92-346-C AND 92-346-D DATED AUGUST 30, 1994

The following rates and charges are prescribed for the customers served by The Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

GAS SERVICE RATES

RATE RS RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Commodity Charge for All CCF Consumed	22.02¢	plus	32.35¢	equals	54.37¢ per CCF

RATE GS GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>		<u>Total Rate</u>
Commodity Charge for All CCF Consumed	20.07¢	plus	32.35¢	equals	52.42¢ per CCF

RATE SS STANDBY SERVICE

Firm Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 25.10 cents per ccf.

Interruptible Standby Service

For the volume specified in the written agreement, the customer shall pay an additional charge of 8.53 cents per ccf.